

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7223

BILL NUMBER: SB 447

NOTE PREPARED: Jan 1, 2004

BILL AMENDED:

SUBJECT: Property Tax Deduction for Persons Who Are Blind.

FIRST AUTHOR: Sen. Young R

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a person who is blind and who applies for the property tax deduction for persons who are blind and disabled to submit proof of blindness from a licensed physician skilled in the diseases of the eye. (Current law requires the proof of blindness to be obtained from a physician licensed in Indiana and skilled in the diseases of the eye.) The bill applies to an application concerning property taxes first due and payable after December 31, 2005.

Effective Date: July 1, 2004.

Explanation of State Expenditures: *Under current law*, an individual may receive a \$6,000 property tax deduction from his or her residence if the individual is blind and has a taxable gross income that does not exceed \$17,000. A person who claims the deduction must file an application on forms prescribed by the Department of Local Government Finance (DLGF). Proof of blindness may be supported by (1) the records of a county Office of Family and Children, the Division of Family and Children, or the Division of Disability, Aging, and Rehabilitative Services; or (2) the written statement of a physician who is licensed in Indiana and skilled in the diseases of the eye or of a licensed optometrist.

Under this proposal, the physician who is skilled in the diseases of the eye does not have to be licensed in Indiana. Because the DLGF prescribes the forms on which the application for the deduction is based, the DLGF may experience a small increase in administrative expenses associated with revising the form. However, the DLGF should be able to absorb any additional costs given its current budget.

Background: The total deduction amount for taxpayers who were blind and/or disabled for pay 2002 was \$199 M. At \$6,000 per deduction, approximately 33,200 people received the deduction. Data for those

receiving the deduction for the blind or for the disabled are combined into one category; consequently, no data is available that would indicate the total amount of the deduction granted solely for those who are blind.

Explanation of State Revenues: The proposal may result in additional property tax deductions. Any increase in deductions reduces total assessed value, which reduces revenue generated by the state property tax levied for the State Fair and State Forestry. However, the impact from the proposal is expected to be insignificant.

Explanation of Local Expenditures: The taxpayer files the application for the deduction with the county auditor. A change in eligibility requirements could result in a minor administrative change at the county level. The impact is expected to be negligible.

Explanation of Local Revenues: The proposal could result in a minor increase in the number of taxpayers who receive the deduction for those who are blind. Although the impact of the proposal is expected to be insignificant, additional deductions reduce the assessed value tax base, which causes a shift of the property tax burden from the taxpayers receiving the deductions to all taxpayers in the form of an increased tax rate. Total local revenues, except for cumulative funds, would remain unchanged. The revenue for cumulative funds would be reduced by the product of the fund rate multiplied by the deduction amount applicable to that fund.

State Agencies Affected: DLGF.

Local Agencies Affected: Counties.

Information Sources: DLGF.

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